weekly economic review

July 20, 2012

Consumer Price Index (CPI)

Alberta inflation jumps, but still near lowest in country

Alberta's inflation saw a large increase from 0.4% in May to 1.3% in June. However, Alberta's inflation is the second lowest in Canada, just above Ontario's 1.2%. Inflation was driven higher by electricity prices (13.7%), financial services (12.2%) and vehicle prices (3.7%). Excluding volatile food and energy prices, inflation increased from 1.5% in May to 1.6% in June. Nationally, the inflation rate increased to 1.5% in June, up from 1.2% in May, which is still lower than the Bank of Canada's target of 2%.

Manufacturing Shipments

Year-over-year growth in shipments moderates

Alberta's manufacturing sales totaled $6.1B in May, dropping 2.6% from the previous month but still up 6.3% compared with the same month last year. Year-over-year growth in shipments has eased below 10% in April and May, in large part due to a 3.1% decline in petroleum and coal products in May. This decline was primarily due to lower prices and temporary refinery shutdowns. However, this drop was more than offset by gains in the durable goods industries (e.g., wood manufacturing and fabricated metal products manufacturing), which posted a strong increase of 11.3% year-over-year.

Resale Housing Market

Alberta on the verge of sellers market

From May to June, sales of existing homes increased 0.4% in Alberta. Compared with June last year, sales grew an impressive 12.9%, while new listings decreased 2.1%. Strong sales, coupled with relatively flat levels of new listings, lifted Alberta's sales-to-listings ratio to 59.2%, just below the 60% sellers market threshold. The average resale home price in Alberta grew a modest 2.5% year-over-year to $359,832.

New Motor Vehicle Sales

Alberta auto sales remain strong

Vehicle sales in Alberta soared 22.6% year-over-year in May, driven by a jump in the truck category. Albertans bought 24,726 vehicles in May, including 18,326 trucks, SUVs, vans and buses. At the national level, vehicle sales increased an impressive 18.6% year-over-year to 180,368.

Non-Residential Building Construction

Commercial and industrial investments drive gains

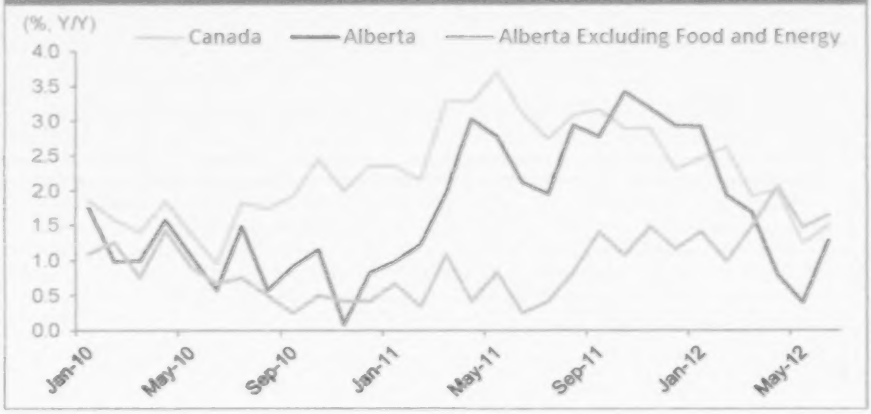
Propelled by stronger commercial and industrial investments, Alberta's non-residential building construction grew to $2.2B in the second quarter of 2012, an increase of 1.9% from the previous quarter. This marked the third consecutive quarter-over-quarter increase and the first year-over-year growth (3.3%) since early 2009. Institutional and governmental spending continues to weigh on overall levels, dropping to pre-recession levels.

Job Vacancies

Alberta posts Canada's highest job vacancy rate

The province's job vacancy rate, defined as the number of job openings as a percentage of labour required (employed individuals plus job openings), came in at 3.5% during the February to April period, up significantly from the same period last year (2.3%).This represents the highest rate among the provinces and is almost double the national rate of 1.8%.

CPI Inflation



Source: Statistics Canada

Closing Prices	July 12, 2012	July 19, 2012	2012–13 Fiscal YTD
Canadian Dollar (US¢/$CAN)	97.90	99.24	98.67
WTI Oil ($US/bbl)	$86.09	$90.66	$90.26
NYMEX Natural Gas ($US/MMBtu)	$2.87	$3.00	$2.43

Alberta Economic Indicators[1]

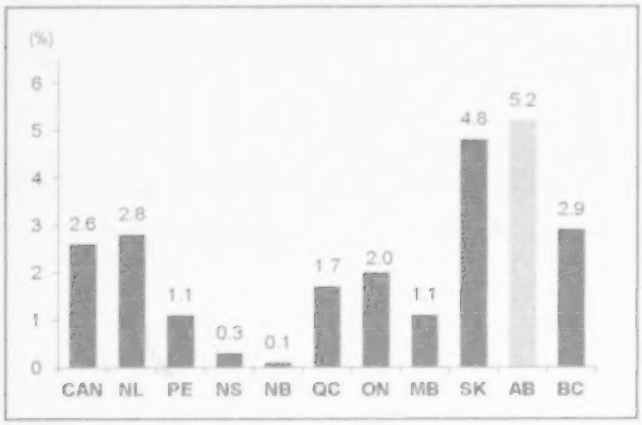
Population	2010	2011	2012YTD	Jan	Feb	Mar	Apr	May	Jun
Population[2] (000s)	3,721	3,779	3,847	3,816			3,847		
% change	1.3	1.6	2.0	2.0			2.4		
Net Interprovincial Migration[3] (level)	3,271	13,660	22,542	6,810			12,396		
Net International Migration[3] (level)	21,783	14,093	13,506	6,294			8,671		
Net Non-permanent Residents[3] (level)	-125	7,969	5,042	125			3,042		
Labour Market									
Employment (000's)	2,018	2,095	2,139	2,135	2,129	2,132	2,143	2,152	2,144
% change	0.4	3.8	3.4	3.9	2.8	3.1	3.9	4.1	2.7
Unemployment Rate (%)	6.5	5.5	4.9	4.9	5.0	5.2	4.9	4.5	4.6
Participation Rate (%)	72.8	73.7	73.6	74.1	73.7	74.0	73.9	73.7	73.3
Average Weekly Earnings ($)	993.28	1,028.69	1,058.02	1,056.05	1,054.80	1,054.36	1,066.82		
% change	4.6	4.6	2.9	2.5	3.4	3.1	3.6		
Price Indices									
NEW: Consumer Price Index	1.0	2.4	1.5	2.9	1.9	1.7	0.8	0.4	1.3
Excluding food and energy	0.7	0.8	1.5	1.4	1.0	1.6	2.1	1.5	1.6
Non-Res. Building Const. Price Index[4]	-0.1	3.4	4.5	-		4.5			
Farm Product Price Index	1.5	17.2	4.1	1.3	3.2	2.0			
Crops	-9.7	18.5	-3.0	0.6	3.9	4.4			
Livestock	5.7	17.2	10.9	15.1	9.6	3.1			
Household Sector									
Housing Starts (CMHC, 000's)	26.9	25.5	23.4	26.1	43.1	35.6	39.4	33.4	33.5
% change	34.8	5.2	-49.9	-35.2	-47.3	-60.2	-78.3	-33.1	-41.9
New Housing Price Index[4]	0.5	0.4	0.8	0.7	0.9	0.8	1.2	1.0	
Edmonton	-0.8	0.9	0.9	1.3	0.1	0.8	1.5	1.1	
Calgary	1.7	0.1	0.6	0.1	0.4	0.8	0.9	0.8	
NEW: MLS Average Resale Prices ($ 000's)	350.9	352.7	358.5	343.0	360.5	369.6	362.5	365.5	359.8
% change	3.1	0.5	1.5	-2.7	1.2	2.5	1.9	3.9	2.5
Edmonton ($ 000's)	326.5	324.2	332.4	325.3	334.5	337.3	337.3	331.7	332.3
% change	2.3	-0.7	2.2	0.7	4.8	2.8	1.3	4.0	3.9
Calgary ($ 000's)	397.4	401.9	404.7	378.5	410.5	407.8	408.0	413.3	410.2
% change	3.4	1.1	0.4	-6.2	0.5	2.4	1.3	2.4	2.3
Retail Sales	6.0	6.0	9.5	11.1	9.2	9.7	7.8		
NEW: New Motor Vehicle Sales	9.5	9.6	15.2	23.6	20.8	12.9	1.1	22.6	
Consumer Bankruptcies (level)	8,150	7,029	2,141	517	533	568	523		
% change	18.4	-13.8	16.5	-10.6	-16.2	-16.5	19.3		
Business Sector									
Rigs Drilling (level)	207	285	261	401	459	346	141	88	189
% change	61.3	37.9	-9.5	7.8	9.9	1.6	14.4	4.5	-7.5
Goods Exports (current, basis?)	12.6	18.3	12.3	14.1	16.4	9.0	20.2	3.1	
Energy	17.4	19.2	14.3	13.5	16.4	10.0	20.4	4.5	
Agriculture	-14.3	21.4	19.8	27.4	19.5	26.3	16.3	10.8	
Total Farm Cash Receipts (quarterly)	3.7	16.3	26.3			26.3			
NEW: Manufacturing Shipments	-11.3	18.0	11.1	14.8	15.7	12.2	7.1	6.3	
NEW: Wholesale Trade	8.5	15.0	16.7	16.4	16.9	14.5	19.4	16.9	
Building Permits	1.3	11.8	19.0	33.4	22.6	36.9	49.5	26.0	
Residential	22.4	5.2	22.2	24.7	50.2	21.8	1.5		
Non-residential	-18.3	20.9	10.5	61.1	-5.9	64.6	157.8		
Business Bankruptcies (level)	378	264	84	20	25	19	20		
% change	-6.7	-30.2	11.6	33.3	13.0	-26.9	17.6		

[1]YTD year to date represents the change since the beginning of the year compared to the same period in the previous year.
Unless otherwise indicated, all figures are year over year percentage change.
[2]Quarterly, annual numbers are presented on a census year basis (July 1 – June 30).
[3]Quarterly average of Calgary and Edmonton.
[4]Average of Calgary and Edmonton.

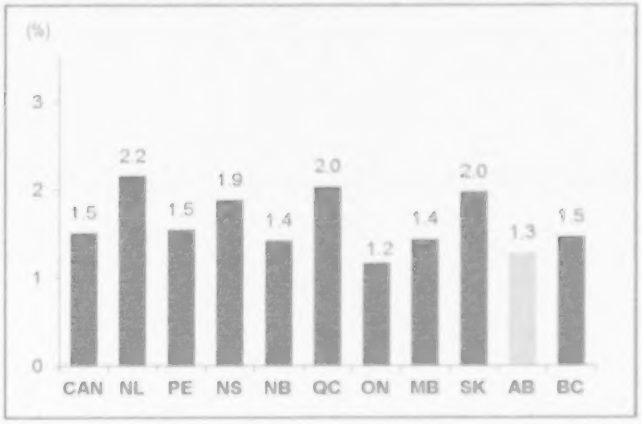
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

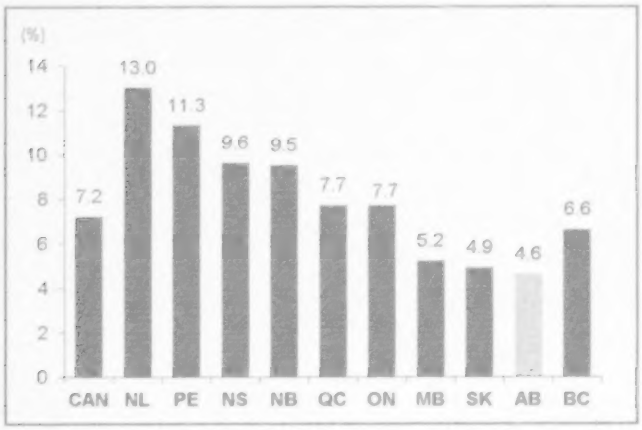
Real GDP Growth by Industry
(2011 preliminary estimates, year-over-year growth)



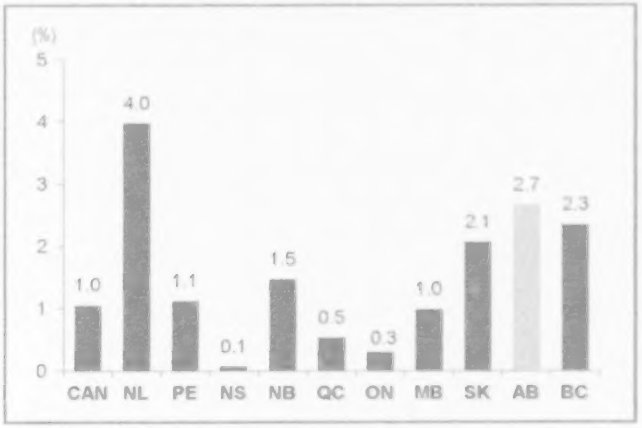
CPI Inflation
(June 2012, year-over-year growth)



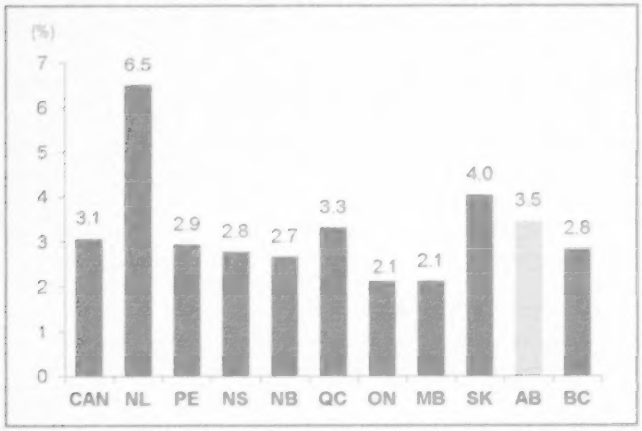
Unemployment Rate
(June 2012)



Employment
(June 2012, year-over-year growth)



Average Weekly Earnings
(April 2012, year-over-year growth)



Housing Starts
(June 2012, SAAR, year-over-year growth)